

SUMMARY

This summary aims to give you an overview of the information contained in this [REDACTED] document. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to deal in the Shares of the Company. There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section headed “Risk Factors” in this [REDACTED] document. You should read that section carefully before you decide to [REDACTED] in the Shares of the Company.

OVERVIEW

We are an established facility services provider specialising in the provision of security services and facility management services across public and private sectors in Hong Kong. We have over 10 years of experience in providing security services at railway stations and facilities, sea, land and railway immigration control points and public amenities as well as crowd coordination and management services at various large-scale events and emergency and critical incidents in Hong Kong. Our Group has been listed on GEM since 22 October 2019.

Throughout a decade of our development, we believe our “IWS” brand has established a reputation of offering quality security services amongst our clients in Hong Kong. We had been able to secure contracts from the Railway Corporation for the provision of security services for 10 consecutive years and as at 31 August 2021, we had provided such services at all railway stations along 13 railway lines. We also provided security services at eight sea, land and railway immigration control points in Hong Kong. In addition, we provided general manned guarding, manpower support and car parking rental and management services pursuant to several mega-scale railway and transportation infrastructure contracts relating to Guangshen’gang XRL (i.e. the XRL Contracts) since its trial run in April 2018 for an initial term of approximately three years and has been extended for an additional three years until September 2024.

We are also experienced in providing crowd coordination and management services for large-scale sports and recreational events at the largest outdoor multi-purpose recreation and sports venues in Hong Kong which can accommodate an audience capacity of 40,000. Having leveraged experience accumulated from such projects, we were successfully awarded contracts by the Railway Corporation to provide Station Control Services for crowd coordination, maintenance of order at various stations along all the railway lines during public order events from August 2019 until February 2020. We provided COVID-19 Detection Support Services primarily for collection and distribution of specimen packs at the community testing centres around Hong Kong for a free mass COVID-19 testing scheme since the launch of the first Universal Community Testing Programme in September 2020 which ran for a 14-day period with more than approximately 1.7 million persons having participated. Starting from January 2021, we were further extended for the provision of COVID-19 Detection Support Services at all Community Testing Centres, specimen collection and distribution points in various districts and vending machines at the railway stations to provide COVID-19 testing for the general public in Hong Kong.

We are committed to satisfying our clients’ different needs by providing a spectrum of facility services. In order to fulfil this commitment, in 2016, facility management services were formally introduced as one of our principal business segments covering property management services, car parking rental and management services, cleaning services and hotel management services. In less than five years’ time, we were engaged to manage over 13 properties and facilities with a gross floor area of over 400,000 sq.ft. in Hong Kong as at 31 August 2021. Our Group has experienced a significant growth in revenue during the Track Record Period which our Directors believe to be mainly driven by the following: (i) our solid track record and leading position in security services in the public sector in Hong Kong; and (ii) our ability to offer a wide spectrum of quality services through our qualified workforce. As such, we have enhanced and expanded our security services in providing Station Control Services and COVID-19 Detection Support Services, which has proven our ability in handling large scale events, crisis and emergency incidents. We have also diversified our spectrum of services, for instance during the Track Record Period, we: (i) have signed a contract for the provision of security services at the site of the three-runway system project at the Hong Kong International Airport for a period of four years with a contract sum of approximately HK\$230.1 million, as estimated by our Directors, where we have commenced providing preliminary services on 7 June 2021; and (ii) have

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been awarded a contract from one of the largest bus companies in Hong Kong providing bus services to the general public in relation to security guarding services at its headquarters and six depots for a period of two years with an initial contract sum of approximately HK\$16.7 million. For details of our strategies and drivers of revenue growth during the Track Record Period, please refer to the sections headed “Business — Competitive strengths” and “Business — Business strategies” in this [REDACTED] document.

Our revenue increased by approximately 63.1% from approximately HK\$295.2 million for FY2019 to approximately HK\$481.6 million for FY2020 and decreased by approximately 24.0% to approximately HK\$365.8 million for FY2021. Our revenue increased by approximately 67.6% from approximately HK\$125.3 million for 5M2021 to approximately HK\$210.0 million for 5M2022. Our profit and total comprehensive income for the year increased by approximately 165.3% from approximately HK\$17.7 million for FY2019 to approximately HK\$47.1 million for FY2020 and further increased by approximately 40.6% to approximately HK\$66.2 million for FY2021. Our profit and total comprehensive income for the period decreased by approximately 9.5% from approximately HK\$27.3 million for 5M2021 to approximately HK\$24.7 million for 5M2022. The significant growth in revenue in FY2020 was mainly due to revenue generated from our provision of Station Control Services in light of the public order events. Although our revenue in FY2021 decreased as compared to FY2020, it was still significantly higher than our revenue in FY2019 mainly due to revenue generated from COVID-19 Detection Support Services. Nonetheless, the Station Control Services and COVID-19 Detection Support Services are non-recurring in nature. Although the Station Control Services and COVID-19 Detection Support Services are non-recurring in nature, our Directors believe that it demonstrates our flexibility and ability to provide services in response to crisis and emergency incidents and large scale unexpected events, which are also some of the reasons why we have generally been able to maintain strong relationships with our clients throughout the years, including the Railway Corporation and the HK Government Entities.

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OUR BUSINESS MODEL

Our business and services

We have two principal business segments, namely security services and facility management services, each with a number of key service lines:

- (i) **Security services** — Our security services comprise of the provision of general manned guarding services, manpower support services and event and crisis security services at railway stations and facilities, sea, land and railway immigration control points, public amenities, private commercial, residential and other properties in Hong Kong. In this business segment, our major clients from the Hong Kong public sector include the Railway Corporation, HK Government Entities, educational institutions and other public institutions, while our clients from the Hong Kong private sector mainly include property owners, property management companies and construction companies. In FY2020, we participated in large-scale public projects for the general public in Hong Kong for the provision of Station Control Services and COVID-19 Detection Support Services.
- (ii) **Facility management services** – Our facility management services involve the provision of property management services, car parking rental and management services, cleaning services, and hotel management services primarily in the private sector for property owners with a focus on commercial and residential properties in Hong Kong such as shopping malls, office buildings and hotel. We have also commenced the provision of such services in the public sector during FY2019.

Our services may be provided on a single, multi-service or integrated basis. The following table sets forth the breakdown of our revenue by type of services during the periods indicated:

	FY2019		FY2020		FY2021		5M2022	
	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%
Security services								
General manned guarding services								
– General services	161,855	54.8	180,288	37.4	152,722	41.8	73,486	34.9
– Station Control Services	–	–	164,438	34.2	–	–	–	–
– COVID-19 Detection Support Services ⁽¹⁾	–	–	–	–	7,425	2.0	3,274	1.6
	<u>161,855</u>	<u>54.8</u>	<u>344,726</u>	<u>71.6</u>	<u>160,147</u>	<u>43.8</u>	<u>76,760</u>	<u>36.5</u>
Manpower support services								
– General services	105,216	35.7	106,264	22.1	101,598	27.8	53,905	25.7
– COVID-19 Detection Support Services ⁽²⁾	–	–	471	0.1	75,111	20.5	67,195	32.0
	<u>105,216</u>	<u>35.7</u>	<u>106,735</u>	<u>22.2</u>	<u>176,709</u>	<u>48.3</u>	<u>121,100</u>	<u>57.7</u>
Event and crisis security services	<u>385</u>	<u>0.1</u>	<u>698</u>	<u>0.1</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>267,456</u>	<u>90.6</u>	<u>452,159</u>	<u>93.9</u>	<u>336,856</u>	<u>92.1</u>	<u>197,860</u>	<u>94.2</u>
Facility management services								
– Property management services	12,958	4.4	18,479	3.8	18,679	5.1	7,924	3.8
– Others ⁽³⁾	14,757	5.0	10,933	2.3	10,298	2.8	4,235	2.0
	<u>27,715</u>	<u>9.4</u>	<u>29,412</u>	<u>6.1</u>	<u>28,977</u>	<u>7.9</u>	<u>12,159</u>	<u>5.8</u>
Total	<u>295,171</u>	<u>100.0</u>	<u>481,571</u>	<u>100.0</u>	<u>365,833</u>	<u>100.0</u>	<u>210,019</u>	<u>100.0</u>

Notes:

- (1) Our employees were required to possess valid Security Personnel Permit in order to provide COVID-19 Detection Support Services under general manned guarding services.

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- (2) Our employees were not required to possess specific qualifications in order to provide COVID-19 Detection Support Services under manpower support services.
- (3) Other facility management services include car parking rental and management services, cleaning services and hotel management services.

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The following table sets forth the breakdown of our revenue by major types of clients during the periods indicated:

	FY2019		FY2020		FY2021		5M2022	
	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%
Security services								
<i>Public sector</i>								
— Railway Corporation	156,044	52.9	340,895	70.8	149,362	40.8	66,496	31.8
— Hong Kong Government Entities	74,814	25.3	81,164	16.9	161,834	44.2	107,411	51.1
— Others	3,841	1.3	2,889	0.6	3,117	0.9	1,769	0.8
	<u>234,699</u>	<u>79.5</u>	<u>424,948</u>	<u>88.3</u>	<u>314,313</u>	<u>85.9</u>	<u>175,676</u>	<u>83.7</u>
<i>Private sector</i>								
Owners, managers and construction companies of								
— Commercial properties	22,511	7.6	18,834	3.9	17,524	4.8	17,739	8.4
— Residential and other properties	10,246	3.5	8,377	1.7	5,019	1.4	4,445	2.1
	<u>32,757</u>	<u>11.1</u>	<u>27,211</u>	<u>5.6</u>	<u>22,543</u>	<u>6.2</u>	<u>22,184</u>	<u>10.5</u>
	<u>267,456</u>	<u>90.6</u>	<u>452,159</u>	<u>93.9</u>	<u>336,856</u>	<u>92.1</u>	<u>197,860</u>	<u>94.2</u>
Facility management services								
<i>Private sector</i>								
Private sector	21,196	7.2	25,855	5.4	25,865	7.1	10,916	5.2
<i>Public sector</i>								
Public sector	6,519	2.2	3,557	0.7	3,112	0.8	1,243	0.6
	<u>27,715</u>	<u>9.4</u>	<u>29,412</u>	<u>6.1</u>	<u>28,977</u>	<u>7.9</u>	<u>12,159</u>	<u>5.8</u>
Total	<u>295,171</u>	<u>100.0</u>	<u>481,571</u>	<u>100.0</u>	<u>365,833</u>	<u>100.0</u>	<u>210,019</u>	<u>100.0</u>

Contracting

We mainly secure contracts from our clients through tendering. During the Track Record Period, approximately 81.4%, 88.9%, 74.8% and 55.1% of our revenue was secured through tendering, respectively.

During the Track Record Period, the contracts we entered into with our clients generally can be categorised into (i) Fixed-term Contracts with a fixed contract term typically ranging from three months to three years; (ii) Ad-hoc Contracts including contracts and invoices provided on an ad-hoc or urgent basis with a term ranging from one day to one month; and (iii) Event Contracts for a single-purpose event or incident. The following table sets forth the breakdown of our revenue by type of contracts during the Track Record Period:

Contracts	FY2019			FY2020			FY2021			5M2022		
	No. of contracts	(HK\$'000)	%	No. of contracts	(HK\$'000)	%	No. of contracts	(HK\$'000)	%	No. of contracts	(HK\$'000)	%
Fixed-term	58	268,905	91.1	72	462,496	96.0	82	350,273	95.7	86	203,038 ⁽⁵⁾	96.7
Ad-hoc	2,062	22,008	7.5	1,841	18,170	3.8	1,091	15,560	4.3	544	6,981	3.3
Event	66	4,258	1.4	68	905	0.2	—	—	—	—	—	—
Total	<u>2,186</u>	<u>295,171</u>	<u>100.0</u>	<u>1,981</u>	<u>481,571</u>	<u>100.0</u>	<u>1,173</u>	<u>365,833</u>	<u>100.0</u>	<u>630</u>	<u>210,019</u>	<u>100.0</u>

A significant portion of our revenue was derived from Fixed-term Contracts during the Track Record Period. During the Track Record Period, the renewal or extension rates of our expired Fixed-term Contracts increased, which were approximately 60.0%, 62.1%, 81.5% and 71.4%, respectively, and 100.0% for the period subsequent to 5M2022 and up to the Latest Practicable Date. Such rate is calculated by the number of renewal contracts divided by the number of completed or terminated contracts. We take into account various factors when considering whether to renew or extend any expired contracts including but not limited to the scale or contract sum of the contracts, profitability, the availability of our resources, clients' profile and credibility, availability of tenders etc.

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Pricing policy

We typically charge service fees for our security services and facility management services either on a lump-sum basis or actual usage basis and such service fees are payable on a monthly basis or upon completion of services. Our service fees are determined on a cost-plus basis with reference to a number of factors, including the urgency of the intended timetable, location, complexity of the work or

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services, estimated time to be spent on the preparation of the work or services and any factors affecting the supply of manpower. We have also taken into account the potential impact of change in statutory minimum wage pursuant to the Minimum Wage Ordinance from time to time.

Our large and qualified workforce

We have a large workforce deployed at our clients' properties and workplace designated by our clients. As at 31 August 2021, we had a workforce of 2,676 employees, including 1,744 full-time employees and 932 casual employees. Amongst our total employees, 1,303 had obtained and validly held the Security Personnel Permits, of which, 1,265 were allowed to perform Category A Security Work and Category B Security Work and 38 were only allowed to perform Category A Security Work. In addition, we had a team of 75 qualified personnel for providing facility management services. Employee benefit expenses is the most significant component of our operating expenses. During the Track Record Period, our employee benefit expenses amounted to approximately HK\$252.1 million, HK\$388.5 million, HK\$250.0 million and HK\$130.8 million, respectively, representing approximately 95.8%, 96.0%, 86.2% and 76.9% of our Total Operating Expenses, respectively.

OUR CLIENTS AND SUPPLIERS

Our major clients in the public sector include the Railway Corporation, the HK Government Entities, educational and other public institutions, while our major clients in the private sector mainly include property owners, property management companies and construction companies. During the Track Record Period, revenue attributable to our five largest clients were approximately HK\$250.1 million, HK\$441.7 million, HK\$300.3 million and HK\$175.8 million, representing approximately 84.7%, 91.7%, 82.1% and 83.8% of our revenue, respectively. Revenue attributable to the Railway Corporation, our largest client for FY2019, FY2020 and FY2021, amounted to approximately HK\$162.6 million, HK\$344.5 million and HK\$152.5 million, respectively, representing approximately 55.1%, 71.5% and 41.7% of our revenue, respectively. Revenue attributable to the Health Authority, our largest client during 5M2022, amounted to approximately HK\$79.0 million during the period, representing approximately 37.6% of our revenue. Our Directors consider that despite the high client concentration, our business is mutually beneficial and complementary to the Railway Corporation because we have secured contracts from the Railway Corporation for the provision of security services for 10 consecutive years and as at 31 August 2021, we had provided security services at all railway stations of all the railway lines with a large workforce for crowd coordination and control of large scale events, crisis and emergency incidents. In addition to the on-going award of contracts to us from the Railway Corporation, we have strived to expand the scope of services we provide to them, in particular, we started to provide security services pursuant to the XRL Contracts since FY2019, and Station Control Services and COVID-19 Detection Support Services in FY2020, so as to enhance our relationship with the Railway Corporation. Our Directors believe that this demonstrates that the Railway Corporation is satisfied with our performance and is willing to continue with the business relationship. As such, we believe that there will be strong and stable demand for our services from the Railway Corporation in the future. We believe that such long-term stable business relationship is built on our satisfactory performance over the years which would help us secure recurring business from the Railway Corporation. As at the Latest Practicable Date, we had established business relationships of over 10 years with most of our five largest clients during the Track Record Period.

Due to the nature of our business, we do not have any major suppliers and no costs incurred from any single supplier accounted for more than 9% of our Total Operating Expenses for each year during the Track Record Period. In relation to the provision of COVID-19 Detection Support Services for the community COVID-19 testing programmes in FY2020, we subcontracted independent logistics service providers to provide delivery and pick up services for specimen collection and distribution.

LICENCES AND QUALIFICATIONS

In order to provide security services, a security company must obtain the Security Company Licence under the laws of Hong Kong. During the Track Record Period, IWS Security has been a Type I Security Company Licence holder and the property management company licence holder. Please refer to the section headed "Business — Our operation" in this [REDACTED] document for further details.

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LITIGATION, CLAIMS AND LEGAL COMPLIANCE

As confirmed by our Directors, we had complied with all applicable Hong Kong laws and regulations for our business activities and operations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

Due to the nature of our industry, we are prone to employees’ compensation and personal injury claims. During the Track Record Period and up to the Latest Practicable Date, there were 16 litigation claims against our Group as defendants which involved labour disputes, employees’ compensation and personal injury claims. All costs and expenses in respect of the claims were fully covered by our Group’s insurance policies. Please refer to the section headed “Business — Occupational health and safety — Litigation, claims and legal compliance” in this [REDACTED] document for further details.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and distinguish us from our competitors: (i) the leading security services provider in the Hong Kong public sector with a solid track record; (ii) solid client base and long-standing business relationships; (iii) ability to offer a spectrum of quality services through our qualified workforce; and (iv) strong and experienced management team. For further details of our strengths, please refer to the section headed “Business — Competitive strengths” in this [REDACTED] document.

BUSINESS STRATEGIES

Our goal is to become a leading integrated facility services provider in Hong Kong by pursuing the following strategies: (i) expanding our business in security services; (ii) enhancing our capability in providing facility management services; (iii) improving operational efficiency and scalability; and (iv) selectively pursuing strategic acquisitions and investment opportunities. For details, please refer to the section headed “Business — Business strategies” in this [REDACTED] document.

IMPLEMENTATION OF BUSINESS STRATEGIES AND USE OF [REDACTED]

Implementation of business strategies since the Listing on GEM

Our Group has taken active steps to strengthen our market position in the industry and support our expansion for business growth in Hong Kong since the GEM Listing. During the period from the GEM Listing Date to the Latest Practicable Date, our Group was awarded contracts through tendering with an aggregate awarded contract sum of approximately HK\$1,152.8 million. Since the GEM Listing, we have utilised our [REDACTED] from the GEM Listing to recruit security service personnel, provide contract securities, acquire a patrol vehicle, expand our operational team and sales and marketing team, upgrade our information technology infrastructure, establish a control room and repay the outstanding bank loan.

Our Directors are of the view that the existing implementation plans have successfully helped our Group to achieve our business strategies. Our Group will continue to apply such implementation plans in pursuit of expanding our ability to secure new business opportunities in expanding our market share.

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Use of [REDACTED]

The below table sets forth the details of our adjusted use of net [REDACTED] and the actual amount utilised up to 31 August 2021 and the Latest Practicable Date:

	Planned use of [REDACTED] ⁽¹⁾		Planned use of [REDACTED] from the GEM Listing Date to 31 August 2021 ⁽²⁾		Actual use of [REDACTED] up to 31 August 2021		Actual use of [REDACTED] up to the Latest Practicable Date		Unused [REDACTED] as at the Latest Practicable Date		Expected timetable for the usage of the unutilised [REDACTED] as of the Latest Practicable Date	
	(approximately HK\$'000)	(approximately %)	(approximately HK\$'000)	(approximately %)	(approximately HK\$'000)	(approximately %)	(approximately HK\$'000)	(approximately %)	(approximately HK\$'000)	(approximately %)		
Expanding our business in security services												
(i) Recruitment of security service personnel	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	N/A
(ii) Contract securities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	On or before 31 March 2022
(iii) Acquisition of patrol vehicles	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	N/A
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
Enhancing our capability in providing facility management services												
(i) Acquisition of machines and equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	On or before 31 March 2023
(ii) Expansion of our operation team and sales and marketing team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	On or before 31 March 2022
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
Improving operational efficiency and scalability												
(i) Upgrade of information technology infrastructure	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	On or before 31 March 2023
(ii) Establishment of a control room	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	On or before 31 March 2023
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
Payment for outstanding bank loan	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	N/A
General working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	N/A
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	

Notes:

- (1) The planned allocation of [REDACTED] is primarily based on the allocation of [REDACTED] as disclosed in the GEM Prospectus and adjusted based on the actual amount of [REDACTED] received from the GEM Listing as the actual amount [REDACTED] obtained from the GEM Listing was lower than our estimation as disclosed in the GEM Prospectus mainly due to the fact that our GEM Share Offer was determined at the lower end of HK\$0.32 instead of the mid-point price range at HK\$[REDACTED] used for disclosure purpose in the GEM Prospectus. We have adjusted the implementation plan as disclosed in the GEM Prospectus by reducing the amount of use of [REDACTED] on contract securities, acquisition of patrol vehicles, establishment of a control room, payment of outstanding bank loan and general working capital, which was approximately HK\$[REDACTED] million in aggregate. This amount represented the total amount of [REDACTED] from our GEM Listing as a result of the abovementioned adjustments.

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- (2) Based on the abovementioned adjustment in accordance to the actual [REDACTED] received, we have reduced the amount of use of [REDACTED] for the period from the GEM Listing to 31 August 2021 on contract securities, acquisition of patrol vehicle, payment of outstanding bank loan and general working capital, which amounted to approximately HK\$[REDACTED] million. This amount represented the portion of the planned use of [REDACTED] that we planned to utilise from the GEM Listing Date and up to 31 August 2021.

As at the Latest Practicable Date, the unused [REDACTED] from the GEM Listing amounted to approximately HK\$[REDACTED] million comprising (i) expanding our business in security services of approximately HK\$[REDACTED] million; (ii) enhancing our capability in providing facility management services of approximately HK\$[REDACTED] million; and (iii) improving operational efficiency and scalability of approximately HK\$[REDACTED] million. Please refer to the section headed “Business — Implementation of business strategies and use of [REDACTED]” in this [REDACTED] document for further details.

COMPETITIVE LANDSCAPE OF HONG KONG FACILITY SERVICES INDUSTRY

According to the Frost & Sullivan Report, the security services and facility management services markets in Hong Kong are fragmented and competitive. In 2020, there were approximately over 600 players in the security services industry, approximately 900 facility management companies (including property management and car parking rental and services providers) and 1,000 cleaning companies in Hong Kong. In 2020, the market size of security services in the public sector accounts for approximately 4.4% of the total market size of security services. The security services market is relatively fragmented with the top five players contributing to approximately 11.3% of the entire market in terms of revenue. Our Group was the fifth largest security services provider in Hong Kong in 2020, accounting for approximately 1.2% of total revenue. Our Directors believe that we have strong brand

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recognition and a proven track record of providing a spectrum of quality services with solid base of reputable client base which enable us to differentiate ourselves in the industry and continue to capitalise market opportunities. For details about the markets in which our Group operates in, please refer to the section headed “Industry Overview” in this [REDACTED] document.

OUR CONTROLLING SHAREHOLDERS

Immediately upon the [REDACTED] BVI will continue to own [REDACTED] of the issued share capital voting rights in our Company. Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma through their respective wholly-owned subsidiaries, namely Morewood, Mandarin, Cambridge, own the entire 100% issued share capital of IWS BVI. Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, have each been a director of our Group and have been acting in concert with each other to exercise control in implementing the management and operations of our Group since 2008. As Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma, Morewood, Mandarin and Cambridge, together through IWS BVI, will continue to be entitled to control [REDACTED] of the issued share capital of our Company immediately upon the [REDACTED], Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and their respective close associates other than our Group are regarded as a group of Controlling Shareholders. Please refer to the section headed “Relationship with our Controlling Shareholders” in this [REDACTED] document for details.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth a summary of our financial information during the periods indicated, and should be read in conjunction with our financial information and the notes thereto included in the Accountants’ Report set out in Appendix I to this [REDACTED] document.

Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income Items

	FY2019 (HK\$'000)	FY2020 (HK\$'000)	FY2021 (HK\$'000)	5M2022 (HK\$'000)
Revenue	295,171	481,571	365,833	210,019
Profit before taxation	22,877	60,118	72,806	31,304
Profit and total comprehensive income	17,749	47,088	66,212	24,665
Adjusted net profit ^(Note)	26,264	62,613	70,867	32,933

Note: Adjusted net profit was calculated based on the profit and total comprehensive income for the year excluding non-recurring GEM Listing expenses and [REDACTED] expenses. This is a non-HKFRS measure.

Our revenue increased by approximately HK\$186.4 million from approximately HK\$295.2 million for FY2019 to approximately HK\$481.6 million for FY2020, mainly due to (i) increase in revenue generated from security services segment of approximately HK\$184.7 million from approximately HK\$267.5 million for FY2019 to approximately HK\$452.2 million for FY2020 primarily attributable to the XRL contracts and Station Control Services contracts; and (ii) increase in revenue generated from facility management services segment of approximately HK\$1.7 million from approximately HK\$27.7 million for FY2019 to approximately HK\$29.4 million for FY2020 primarily attributable to the increase in our provision of property management services. Our revenue subsequently decreased by approximately HK\$115.7 million to approximately HK\$365.8 million for FY2021, mainly due to (i) decrease in revenue generated from security services segment of approximately HK\$115.3 million from approximately HK\$452.2 million for FY2020 to approximately HK\$336.9 million for FY2021; and (ii) the relatively stable revenue generated from facility management services segment which remained at approximately HK\$29.4 million and HK\$29.0 million for FY2020 and FY2021, respectively.

Our revenue increased by approximately HK\$84.7 million from approximately HK\$125.3 million for 5M2021 to approximately HK\$210.0 million for 5M2022 mainly due to the increase in revenue generated from our security services segment primarily attributable to revenue generated from our provision of security services at the site of the three-runway system project at the Hong Kong International Airport and revenue generated from one of the largest bus companies in Hong Kong providing bus services to the general public in relation to provision of security guarding services at its headquarters and six depots.

Our profit and total comprehensive income increased by approximately HK\$29.3 million or 165.3% from approximately HK\$17.7 million for FY2019 to approximately HK\$47.1 million for FY2020, and our net profit margin increased from approximately 6.0% for FY2019 to approximately

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9.8% for FY2020. Such increases were mainly attributable to the XRL Contracts and the Station Control Services contracts during FY2020 which commanded higher margins. Excluding non-recurring GEM Listing expenses of approximately HK\$8.5 million and HK\$15.5 million incurred in FY2019 and FY2020, respectively, our profit and total comprehensive income for the year would amount to approximately HK\$26.3 million and HK\$62.6 million for FY2019 and FY2020, respectively, and our net profit margin would increase from 8.9% for FY2019 to approximately 13.0% for FY2020.

Our profit and total comprehensive income further increased by approximately HK\$19.1 million or 40.6% to approximately HK\$66.2 million for FY2021 and our net profit margin further increased to approximately 18.1% for FY2021. Excluding the non-recurring [REDACTED] expenses of approximately HK\$[REDACTED] million incurred in FY2021, our profit and total comprehensive income for the year would be approximately HK\$[REDACTED] million for FY2021. Such increase was mainly due to the government grant received which was partially off-set by the decrease in our revenue in FY2021.

Our profit and total comprehensive income decreased by approximately HK\$2.6 million or 9.5% from approximately HK\$27.3 million for 5M2021 to approximately HK\$24.7 million for 5M2022 and our net profit margin decreased from approximately 21.8% for 5M2021 to approximately 11.7% for 5M2022. Such decreases were mainly because of the increase in our employee benefit expenses since we did not receive government grants from the Employment Support Scheme in 5M2022. Excluding the non-recurring [REDACTED] expenses of approximately HK\$[REDACTED] million incurred in 5M2022, our profit and total comprehensive income would amount to approximately HK\$[REDACTED] million for 5M2022.

Selected Consolidated Statement of Financial Position Items

	2019	As at 31 March 2020	2021	As at 31 August 2021
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Non-current assets	3,695	10,092	15,009	15,323
Current assets	151,979	200,066	236,710	262,746
Current liabilities	104,846	57,531	47,104	49,302
Net current assets	47,133	142,535	189,606	213,444
Net assets/Total equity	50,828	151,976	202,188	226,853

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Selected Consolidated Statement of Cash flows Items

	FY2019 (HK\$'000)	FY2020 (HK\$'000)	FY2021 (HK\$'000)	5M2022 (HK\$'000)
Net cash (used in) from operating activities	(37,073)	43,165	78,774	6,116
— <i>Operating cash flows before movements in working capital</i>	24,633	64,029	75,121	32,757
Net cash (used in) from investing activities	(1,574)	761	(679)	(889)
Net cash from (used in) financing activities	46,650	7,852	(29,810)	(896)
Net increase in cash and cash equivalents	8,003	51,778	48,285	4,331
Cash and cash equivalents at beginning of year	19,093	27,096	78,874	127,159
Cash and cash equivalents at end of year	27,096	78,874	127,159	131,490

Key Financial Ratios^(Note)

	As at 31 March			As at
	2019/ FY2019	2020/ FY2020	2021/ FY2021	31 August 2021/ 5M2022
Adjusted net profit margin (%)	8.9	13.0	19.4	15.7
Adjusted return on equity (%)	51.7	41.2	35.1	N/A
Adjusted return on total assets (%)	16.9	29.8	28.2	N/A
Adjusted interest coverage (times)	39.2	37.6	596.9	683.3
Current ratio (times)	1.4	3.5	5.0	5.3
Quick ratio (times)	1.4	3.5	5.0	5.3
Gearing ratio (%)	112.1	8.7	2.0	1.6
Net debt to equity ratio (%)	58.8	N/A	N/A	N/A
Average trade receivables turnover days (days)	83	81	101	78

Note: For further discussion on the above ratios, please refer to the section headed “Financial Information — Key financial ratios” in this [REDACTED] document.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, dividends of approximately HK\$8.0 million, HK\$16.0 million, HK\$26.0 million and nil, respectively, were declared. As at the Latest Practicable Date, all dividends declared in FY2019, FY2020 and FY2021 had been fully settled. The dividend payout ratio^(Note) during the Track Record Period were approximately 45.1%, 34.0%, 39.3% and nil, respectively. We have established a dividend policy which take into account various factors such as our actual and expected financial performance, our retained earnings and distributable reserves and general economic conditions and business cycle of our core business. Our Directors will continue to review the dividend policy and reserve the right in their sole and absolute discretion to update, modify and/or cancel the dividend policy at any time. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

REASONS FOR THE [REDACTED]

Our Directors are of the view that the GEM Listing is of assistance to our Group to gain public recognition and profile. After the GEM Listing, our Group has achieved business growth with increasing revenue and profit. Our Directors consider that since the Main Board is perceived to enjoy more premium status by investors, the [REDACTED], if approved and if we proceed, will be beneficial to the future growth, financing flexibility and business development of our Group. Our Directors are of the view that the [REDACTED] would without limitation: (i) promote our corporate profile and recognition among public investors and increase the attractiveness of our Shares to the public; (ii) increase our bargaining power in negotiations with suppliers and other business associates; and (iii) strengthen our position in the industry and enhance our competitive strengths in recruiting and retaining staff and personnel. For details, please refer to the section headed “History and Corporate Structure — [REDACTED] from GEM to Main Board — Reasons for the [REDACTED]” in this [REDACTED] document.

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Note: Dividend payout ratio was calculated by dividend declared for the respective year/period divided by profit and total comprehensive income for the year.

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As at the date of this [REDACTED] document, our Board has no immediate plans to change the nature of business of our Group following the [REDACTED]. The [REDACTED] will not involve any issue of new Shares by our Company.

[REDACTED] EXPENSES

Our financial performance for the year ending 31 March 2022 will be affected by the non-recurring expenses incurred in relation to the [REDACTED]. The [REDACTED] expenses are estimated to be approximately HK\$[REDACTED] million, in which approximately HK\$[REDACTED] million in total was charged to profit or loss of our Group for the year ended 31 March 2021 and the five months ended 31 August 2021, and approximately HK\$[REDACTED] million will be charged to profit or loss of our Group for the seven months ending 31 March 2022. Such expenses are current estimates and for reference only. The final amount to be recognised to the profit or loss of our Group is subject to adjustment based on audit and the changes in variables and assumptions.

Our Directors are of the view that there has been no fundamental deterioration in the commercial and operational viability in our business despite the expected non-recurring [REDACTED] expenses.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our business model, revenue structure and cost structure basically remain unchanged, subsequent to the Track Record Period and up to the date of this [REDACTED] document. During the Track Record Period, we: (i) have extended the XRL Contracts with the Railway Corporation for an additional three years with a contract sum of approximately HK\$265.4 million; (ii) have been awarded a contract from the Health Authority in relation to COVID-19 related manpower support services for a period of six months with an initial contract sum of approximately HK\$92.3 million; (iii) have signed a contract for the provision of security services at the site of the three-runway system project at the Hong Kong International Airport for a period of four years where the contract sum is approximately HK\$230.1 million, as estimated by our Directors; (iv) have been awarded a contract from one of the largest bus companies in Hong Kong providing bus services to the general public in relation to security guarding services at its headquarters and six depots for a period of two years with an initial contract sum of approximately HK\$16.7 million; and (v) have been awarded two contracts from a statutory body wholly owned by the Hong Kong Government who is responsible for the operation and development of the Hong Kong International Airport for the provision of COVID-19 related manpower support services for a period of approximately six months. Our Directors believe the aforementioned new clients prove that our Group is able to broaden our existing client base, thus placing us in a better position to develop and enhance the relationships with the goal of cross-selling our integrated services to such clients and building long-term relationships with them. As at the Latest Practicable Date, we have been awarded a contract from the Health Authority in relation to manpower support services for a period of two years with an initial contract sum of approximately HK\$92.8 million. As at the Latest Practicable Date, the number of contracts in our contract backlog were 61 and the total contract sum of the contracts that were on-going was approximately HK\$1,112.0 million.

During FY2021, we received approximately HK\$39.7 million in government grant which was non-recurring in nature and contributed to our high net profit during the same period. Excluding the aforementioned government grant and [REDACTED] expenses, our net profit for FY2021 would have been approximately HK\$31.2 million. Our Directors consider that we may not receive government grant comparable to the amount we received in FY2021 or at all, in FY2022, and our financial performance for FY2022 would be adversely affected by the recognition of [REDACTED] expenses. The final amount of these amounts to be recognized to the profit or loss of our Group is subject to adjustment based on audit and the changes in variables and assumptions. As a result of these expenses, our net profit for FY2022 may decline as compared to the prior financial year. Investors should be aware of the impact of the [REDACTED] expenses on our financial performance for FY2022.

Impact of the COVID-19 outbreak

Assuming the outbreak of COVID-19 continues and if our operations were to be suspended temporarily, the average monthly net decrease in cash and cash equivalents by our Group is expected to be approximately HK\$1.3 million per month. Our bank balances and cash as at 31 October 2021 was approximately HK\$90.1 million and our trade receivables and uncertified revenue as at 31 October 2021 was approximately HK\$141.2 million, which in aggregate after deducting trade and other payables

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and accrued expenses of approximately HK\$35.5 million would amount to net liquidity assets of approximately HK\$195.7 million. Accordingly, our Directors are of the view that the aggregated amount should be sufficient to satisfy our operational expenses for more than 12 months from November 2021. Our key assumptions include:

- (i) no revenue will be generated;
- (ii) there will be a significant reduction in employee benefit expenses as all of our security services and facility management services personnel would not be needed since no services will be provided by us;
- (iii) no subcontracting costs will be incurred as no services will be provided by us;
- (iv) no dividend will be declared and paid;
- (v) only immediate cash available will be used;
- (vi) our trade receivables as at 31 October 2021 will be settled within the range of our average trade receivables turnover days during the Track Record Period;
- (vii) our trade payables as at 31 October 2021 will be settled within the range of our average trade payables turnover days during the Track Record Period; and
- (viii) no unutilised banking facilities will be used and there will be no internal or external financing from the Shareholders or financial institutions.

Save as disclosed above, our Directors confirm that, up to the date of this [REDACTED] document, there had been no material adverse change in our financial or trading positions of our Group since 31 August 2021, being the date to which our latest financial statements were made up, and there had been no event since 31 August 2021 which would materially affect the information shown in the Accountants’ Report, the text of which is set out in Appendix I to this [REDACTED] document.

RISK FACTORS

There are risks associated with any investment. Some of the relatively material risks relating to our Group include (1) our previous financial performance may not be indicative of our future revenue and profit margin, in particular, the revenue growth in FY2020 and FY2021 and 5M2022 was due to one-off impact of events; (2) we rely on the Hong Kong public sector during the Track Record Period; (3) significant portion of our revenue during the Track Record Period was generated from contracts with the Railway Corporation; (4) a significant portion of our revenue was derived from the provision of security services; (5) a significant number of our contracts were awarded through tendering; (6) if any of our clients, in particular our five largest clients, vary, terminate or suspend the contracts with us prior to the expiry date, our revenue stream and profitability may be adversely affected; (7) any outbreak of communicable disease in Hong Kong could have a material and adverse effect on our business. A detailed discussion of all the risk factors is set forth in the section headed “Risk Factors” in this [REDACTED] document. Investors should read the entire section before deciding to invest in the Shares.

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[REDACTED] AND [REDACTED]

[REDACTED]

The chart below shows the **[REDACTED]** and **[REDACTED]** of our Shares since the GEM Listing Date and up to the Latest Practicable Date.

[REDACTED] and [REDACTED] of the Shares
since the GEM Listing Date and up to the Latest Practicable Date

[REDACTED]

The chart below shows the comparison between the **[REDACTED]** of our Shares and Hang Seng Index since the GEM Listing Date and up to the Latest Practicable Date.

Comparison between the **[REDACTED]** of the Company and Hang Seng Index

[REDACTED]

Since the GEM Listing Date and up to the Latest Practicable Date, the **[REDACTED]** of our Shares was HK\$**[REDACTED]** recorded on 5 February 2020 and the **[REDACTED]** of our Shares was HK\$**[REDACTED]** recorded on 21 October 2020, 22 October 2020, 31 December 2020 and 4 January 2021.

The **[REDACTED]** of our Shares increased from HK\$**[REDACTED]** per Share on the GEM Listing Date to HK\$**[REDACTED]** per Share on 5 February 2020, representing an increase of approximately **[REDACTED]**. The **[REDACTED]** of our Shares subsequently decreased from HK\$**[REDACTED]** per Share on 5 February 2020 to HK\$**[REDACTED]** per Share on 21 October 2020, representing a decrease of approximately **[REDACTED]**. Following such decrease, the **[REDACTED]** of the Shares increased from HK\$**[REDACTED]** per Share on 21 October 2020 to HK\$**[REDACTED]** per Share on 2 February 2021, representing an increase of approximately **[REDACTED]**. We observed that such fluctuations were generally in line with the trend of the Hang

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Seng Index during the same periods. Our Directors believe that the increase in the [REDACTED] of our Shares on 2 February 2021 was mainly because of our announcement of the possible [REDACTED] on the same day. The [REDACTED] of our Shares further increased to HK\$[REDACTED] on 4 February 2021 following our publication of the third quarterly results announcement for the nine months ended 31 December 2020 where our profit and total comprehensive income for the period increased by 9.4% as compared to the same period in FY2019. The [REDACTED] of our Shares remained relatively stable with fluctuations in between in the following months leading up to June 2021. The [REDACTED] of our Shares trended upwards in June 2021 and generally remained close to or above HK\$[REDACTED] from June 2021 and up to the Latest Practicable Date, which our Directors believe to be mainly because of the following: (i) the publication of our annual results announcement for FY2021 on 28 May 2021 where our profit and total comprehensive income increased by approximately 40.6% as compared to the same period in FY2020; (ii) our announcement of the submission of a formal application to the Stock Exchange in respect of the [REDACTED] on 11 June 2021; (iii) the announcement of the payment of a final dividend for FY2021 on 17 September 2021; and (iv) the publication of our interim results announcement for the six months ended 30 September 2021 on 5 November 2021 where our adjusted profit and total comprehensive income increased by approximately 83.9% as compared to the six months ended 30 September 2020. Our Directors confirmed that they are not aware of any changes in our Company’s circumstances leading to the fluctuations in our share price.

[REDACTED]

Our Group recorded the highest average [REDACTED] of approximately [REDACTED] million Shares on 22 October 2019, representing approximately [REDACTED] of the total number of our Shares. Our Group recorded the lowest average [REDACTED] of [REDACTED] Shares on various dates. The average [REDACTED] of our Shares since the GEM Listing Date and up to the Latest Practicable Date amounted to approximately [REDACTED] million Shares, representing approximately [REDACTED] of the total number of our Shares. Our Directors confirm that they are not aware of any changes in our Company’s circumstances leading to the decrease in the [REDACTED].